

February 8, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1400 (Lee, K.)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
General Fund	(\$9,800)	(\$10,000)	(\$10,200)	(\$10,400)

Effective beginning tax year 2023.

EXPLANATION OF THE BILL

Current Law: A taxpayer generally must be eligible for the federal earned income credit to receive the working family credit, with certain exceptions. Taxpayers filing an income tax return with an Individual Taxpayer Identification Number (ITIN) are not eligible for the federal credit, and therefore cannot receive the working family credit.

Proposed Law: The bill would expand the working family credit to include taxpayers who file using an ITIN as opposed to a social security number. A child that has an ITIN other than a social security number but otherwise meets all other requirements of the federal earned income credit is a qualifying child under the bill.

ITINs are issued by the Internal Revenue Service to individuals who are not eligible for a social security number but are required to file taxes. They are used exclusively for the purpose of filing taxes. Examples of individuals who require an ITIN include non-resident alien individuals who are required to file with their resident spouse or international students who have not received permission to work outside of their educational department.

REVENUE ANALYSIS DETAIL

- Minnesota state income tax information from 2019 was used in this estimate. Tax year 2020 returns were not used since they may understate the impact.
- In 2019, there were 21,300 returns filed using an ITIN for the taxpayer and/or the spouse. Of those, approximately 8,200 returns would qualify for the working family credit.
- The average credit for tax year 2019 would have been about \$1,340 per return.
- Growth is based on projected growth in the working family credit in the November 2022 forecast.
- Tax year impacts were allocated to the following fiscal year.

Number of Taxpayers: About 9,000 taxpayers would benefit under the bill with an average credit of \$1,087 in tax year 2023.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)

hf1400 WFC Expansion to ITIN users_1 / tj